

Magistrate Judge Mary Alice Theiler

UNITED STATES DISTRICT COURT FOR THE  
WESTERN DISTRICT OF WASHINGTON  
AT SEATTLE

UNITED STATES OF AMERICA,

Plaintiff

v.

BAOKE ZHANG,

Defendant.

CASE NO. MJ20-269

COMPLAINT for VIOLATIONS OF

Title 18, United States Code, Sections 2,  
1343, 1344(2)

BEFORE, Mary Alice Theiler, United States Magistrate Judge, U. S. Courthouse,  
Tacoma, Washington.

The undersigned complainant being duly sworn states:

**COUNT ONE**  
**(Wire Fraud)**

From in or about April 2020 through in or about May 2020, at Issaquah, in the  
Western District of Washington and elsewhere, BAOKE ZHANG knowingly devised and  
intended to devise a scheme and artifice to defraud the United States, and to obtain money  
and property by means of materially false and fraudulent pretenses, representations and  
promises, and attempted to do so.

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1       A. Manner and Means

2       1.       It was part of the scheme to defraud that BAOKE ZHANG submitted three  
3 different loan applications to two different lenders seeking more than \$1.5 million in funds  
4 under the Paycheck Protection Program.

5       2.       BAOKE ZHANG submitted the loan applications in the name of sham  
6 entities and included in those loan applications multiple materially false statements and  
7 documents, including, but not limited to:

8           a.       A loan application that claimed that the ZHANG entity had been in  
9 business since at least February 2020;

10          b.       A loan application that claimed that the business was assigned an  
11 Employer Identification Number in 2017; and

12          c.       A loan application that claimed that the business had an average  
13 monthly payroll of \$240,000 and at least 25 employees.

14       B. Execution

15       On or about April 19, 2020, at Issaquah, in the Western District of Washington, and  
16 elsewhere, BAOKE ZHANG, for the purpose of executing the scheme described above  
17 cause to be transmitted by means of wire communication in interstate commerce from a  
18 place within the State of Washington to a place outside of the State of Washington, writing,  
19 signals, and sounds, to wit: a Paycheck Protection Program loan application in the name of  
20 Baoke Zhang.

21       All in violation of Title 18, United States Code, Section 1343 and 2.

22                               **COUNT TWO**

23                               **(Bank Fraud)**

24       From in or about April 2020 through in or about May 2020, in the Western District  
25 of Washington and elsewhere, BAOKE ZHANG knowingly executed, and attempted to  
26 execute, a scheme to obtain monies owned and under the care, custody, and control of  
27 Financial Institution 1, a federal insured financial institution as defined by Title 18, United  
28

1 States Code, Section 20, by means of false and fraudulent pretenses, representations, and  
2 promises.

3 A. Manner and Means

4 1. It was part of the scheme to defraud that BAOKE ZHANG submitted two  
5 different loan applications to Financial Institution 1 seeking approximately \$925,000 in  
6 funds under the Paycheck Protection Program.

7 2. BAOKE ZHANG submitted the loan applications in the name of sham  
8 entities and included in those loan applications multiple materially false statements and  
9 documents, including but not limited to:

10 a. A loan application that claimed that the ZHANG entity had been in  
11 business since at least February 2020;

12 b. A loan application that claimed that the business was assigned an  
13 Employer Identification Number in 2018; and

14 c. A loan application that claimed that the business had an average  
15 monthly payroll of \$130,000 and at least 20 employees;

16 B. Execution

17 On or about April 23, 2020, at Issaquah, in the Western District of Washington and  
18 elsewhere, BAOKE ZHANG submitted a loan application in the name of Cloud  
19 Optimization, LLC, to Financial Institution 1, and that loan application contained  
20 materially false statements.

21 All in violation of Title 18, United States Code, Section 1344 and 2.

22 And the complainant states that this Complaint is based on the following  
23 information:

24 I, COLE ASHCRAFT, being first duly sworn on oath, depose and say:

25 1. I am a Special Agent with the Treasury Inspector General for Tax  
26 Administration (TIGTA) and have been since December 2019. Prior to that, I was a Special  
27 Agent with the U.S. Postal Service Office of Inspector General since 2013 and was  
28 assigned to their Computer Crimes Unit for the majority of that time. I have received

1 formal training in both computer science and the investigation of computer crimes,  
2 including network intrusions and computer forensics. I have investigated or assisted in the  
3 investigation of numerous cases involving fraudulent activity in connection with  
4 computers. I am currently assigned to TIGTA's Cybercrime Investigations Division and  
5 the FBI Washington, D.C. Field Office Cyber Task Force. I investigate violations of federal  
6 laws regarding the programs and operations of the Internal Revenue Service (IRS) and  
7 Federal tax administration. I have been a sworn law enforcement officer during all times  
8 herein.

9       2.       The information contained in this Complaint is the result of my own  
10 investigation as well as information provided to me by others, including other investigators  
11 and law enforcement officers. In each instance when I recite information from such others,  
12 I have gained that information either by talking directly to such investigators and law  
13 enforcement officers or reviewing written reports of their investigation, or both. This  
14 Complaint accurately summarizes some of the evidence I discovered during my  
15 investigation; it does not, however, contain every detail known to me about the  
16 investigation.

17                   **FACTS ESTABLISHING PROBABLE CAUSE**

18                   *The Paycheck Protection Program*

19       3.       The Coronavirus Aid, Relief, and Economic Security ("CARES") Act is a  
20 federal law enacted in or around March 2020 and designed to provide emergency financial  
21 assistance to the millions of Americans who are suffering the economic effects caused by  
22 the COVID-19 pandemic. One source of relief provided by the CARES Act was the  
23 authorization of up to \$349 billion in forgivable loans to small businesses for job retention  
24 and certain other expenses, through a program referred to as the Paycheck Protection  
25 Program ("PPP"). In or around April 2020, Congress authorized over \$300 billion in  
26 additional PPP funding.

27       4.       In order to obtain a PPP loan, a qualifying business must submit a PPP loan  
28 application, which is signed by an authorized representative of the business. The PPP loan



1 application requires the business (through its authorized representative) to acknowledge  
2 the program rules and make certain affirmative certifications in order to be eligible to  
3 obtain the PPP loan. In the PPP loan application, the small business (through its authorized  
4 representative) must state, among other things, its: (a) average monthly payroll expenses;  
5 and (b) number of employees. These figures are used to calculate the amount of money  
6 the small business is eligible to receive under the PPP. In addition, businesses applying  
7 for a PPP loan must provide documentation showing their payroll expenses.

8       5.       A PPP loan application must be processed by a participating financial  
9 institution (the lender). If a PPP loan application is approved, the participating financial  
10 institution funds the PPP loan using its own monies, which are 100% guaranteed by Small  
11 Business Administration (SBA). Data from the application, including information about  
12 the borrower, the total amount of the loan, and the listed number of employees, is  
13 transmitted by the lender to the SBA in the course of processing the loan.

14       6.       PPP loan proceeds must be used by the business on certain permissible  
15 expenses—payroll costs, interest on mortgages, rent, and utilities. The PPP allows the  
16 interest and principal on the PPP loan to be entirely forgiven if the business spends the loan  
17 proceeds on these expense items within a designated period of time (usually eight weeks  
18 of receiving the proceeds) and uses at least 75% of the PPP loan proceeds on payroll  
19 expenses.

20                               *BAOKE ZHANG and Related Entities*

21       7.       BAOKE ZHANG is a legal permanent resident of the United States and  
22 holds a valid Chinese passport. According to information obtained in the investigation,  
23 ZHANG resides in Issaquah, Washington. Based on a publicly available LinkedIn profile  
24 believed to belong to ZHANG, ZHANG is a software engineer.

25       8.       According to records obtained from the IRS, an Employer Identification  
26 Number (“EIN”) was applied for and assigned to a sole proprietorship in ZHANG’s name,  
27 Baoke Zhang dba Baoke Zhang, (“the Zhang sole proprietorship”), on or about April 3,  
28 2020. According to internet service provider records, the IP address from which the EIN

1 was obtained (“the Zhang IP address”) is subscribed to ZHANG at ZHANG’s Issaquah,  
 2 Washington address. According to IRS records, it is the same IP address that has been  
 3 used to access ZHANG’s personal tax information on IRS websites since 2017.

4 a. According to records from the Washington State Department of  
 5 Revenue (“DOR”), a business license was applied for in the name of the Zhang sole  
 6 proprietorship on or about April 8, 2020. The license was issued on or about April 17,  
 7 2020. The application lists ZHANG as the owner of the business, ZHANG’s residence as  
 8 the business address, and Phone Number 1 as the business phone number. It also reports  
 9 \$0 to \$12,000 in estimated annual income in Washington State, reports no employees in  
 10 the city where the business is located, and claims to have been in operation in Washington  
 11 State since in or about November 2017. According to information obtained from the  
 12 Washington State Economic Security Department (“ESD”), the state agency with which  
 13 businesses register for the purpose of employer-paid state unemployment tax and paid  
 14 leave benefits, the agency has no record of the Zhang sole proprietorship.

15 9. According to records obtained from the IRS, an EIN was applied for and  
 16 assigned to an entity named Cloud Optimization LLC (“Cloud Optimization”) on or about  
 17 April 21, 2020. According to IRS and internet service provider records, the Zhang IP  
 18 address was used to obtain the EIN. According to records and information obtained from  
 19 the Washington State Secretary of State (“SOS”), ESD, and DOR, the agencies have no  
 20 record of Cloud Optimization.

21 *PPP Loan Applications Submitted for the Zhang Sole Proprietorship*  
 22 *and Cloud Optimization*

23 10. The government has obtained copies of three applications for PPP loans  
 24 totaling more than \$1.5 million that each bear a signature in ZHANG’s name and were  
 25 submitted to two SBA-approved lenders, Lender 1 and Lender 2, in or about April 2020.  
 26 The applications were submitted to the lenders from the Zhang IP address.

27 11. One application was submitted on behalf of the Zhang sole proprietorship  
 28 to Lender 1, a publicly traded real estate investment trust with its primary offices in New

York, Texas, and New Jersey, that participates in the SBA's PPP loan program as an SBA Preferred Lender. A Preferred Lender is a lender that's been pre-approved by the SBA to accept applications for, underwrite, and disburse SBA loans with little to no SBA involvement. These lenders have demonstrated their proficiency in SBA guaranteed loan programs and processes.

12. Two additional applications were submitted to Lender 2, which forwarded the applications to Financial Institution 1, an FDIC-insured, state-chartered industrial bank headquartered in Salt Lake City, Utah, that is an approved SBA lender, for funding. One application was submitted in the name of the Zhang sole proprietorship and one was submitted in the name of Cloud Optimization. According to information obtained from a Lender 2 representative, Lender 2 collects all PPP loan application documents and reviews them. Once the application package is complete, the applicant digitally signs the package and it is forwarded to Financial Institution 1, the actual lender. The servers that initially accept the loan documentation from the applicant are located in Oregon.

13. The applications sought loans in the following amounts for the following entities:

Entity Name	Lender	Loan Amount	Approximate Date of Application
Baoke Zhang dba Baoke Zhang	Lender 1	\$600,000	April 10, 2020
Baoke Zhang dba Baoke Zhang	Lender 2/Financial Institution 1	\$600,000	April 19, 2020
Cloud Optimization	Lender 2/Financial Institution 1	\$325,000	April 23, 2020

14. Each application identified ZHANG as the "Primary Contact" and 100 percent owner of the entity listed on the relevant application. Each application also identified ZHANG by his social security number and the residential address described above. A copy of a Washington State driver's license in ZHANG's name and with his identifying information, including the residential address described above, also was submitted with each application.



1        15. Financial records, public records, and phone records obtained during the  
 2 investigation show that each of the applications submitted under ZHANG's name included  
 3 multiple materially false statements about the eligibility of each of the entities for PPP  
 4 loans. Specifically, while each application and records provided in support of it purported  
 5 to claim and show that the entities had been in business as of February 15, 2020, and had  
 6 paid employees—requirements for eligibility—each entity was created in or about April  
 7 2020 and had no identifiable employment expenses.

8                    *Fraudulent PPP Loan Application Submitted to Lender 1*  
 9                    *for the Zhang Sole Proprietorship*

10        16. According to records provided by Lender 1, ZHANG digitally signed an  
 11 application package in support of a \$600,000 PPP loan for the Zhang sole proprietorship  
 12 and submitted it to Lender 1 from his subscribed IP address on or about April 10, 2020.

13        17. Lender 1 provided the government the SBA Form 2483 submitted with the  
 14 package and bearing the signature of ZHANG. To support the loan amount, the application  
 15 represented that the sole proprietorship had an average monthly payroll of \$240,000 and  
 16 25 employees. ZHANG also certified that the sole proprietorship “was in operation on  
 17 February 15, 2020 and has employees for whom it paid salaries and payroll taxes or paid  
 18 independent contractors.” As described further herein, evidence obtained in the  
 19 investigation demonstrates that this certification was false.

20        18. Lender 1 has provided several documents it received in support of the  
 21 application, including purported IRS records and a purported payroll detail report from an  
 22 online payroll system. A review of those documents and records and information obtained  
 23 from the IRS and ESD demonstrate that the documents provided to Lender 1 were falsified  
 24 and included materially false statements about the sole proprietorship's operations.

25            a. An IRS Notice CP 575, which notifies applicants of the assignment of  
 26 an EIN, was submitted with the application package. The CP 575 submitted to Lender 1  
 27 stated that the EIN for the Zhang sole proprietorship was assigned on April 3, 2017. As  
 28 described above, that EIN was actually assigned by the Modernized Internet EIN



1 application (MODIEIN)—an application on the IRS website that allows businesses to  
2 apply for EINs online—on April 3, 2020, not 2017. The IRS includes a timestamp in the  
3 file names of MODIEIN-generated Notice CP 575s. The file name of the electronic copy  
4 of the Notice CP 575 provided to Lender 1 included this timestamp. The timestamp reflects  
5 the notice was issued on April 3, 2020, not in 2017 as represented. The submitted Notice  
6 CP 575 file also lacked certain technical data encoded in MODIEIN-generated Notice CP  
7 575s, indicating it was not a genuine notice or had been modified after being downloaded  
8 from MODIEIN.

9           b. An IRS Form 941, an Employer’s Quarterly Federal Tax Return, was  
10 submitted with the application package purporting to report wages and federal payroll tax  
11 information for the sole proprietorship for the fourth quarter of 2019. According to the  
12 form, the Zhang sole proprietorship had 25 employees in the fourth quarter and paid wages,  
13 tips, and total compensation totaling \$717,560.38. Based on a search of available IRS  
14 records related to the EIN associated with the Zhang sole proprietorship, no such IRS Form  
15 941 has been submitted to the IRS.

16           c. A Form 1040 with attachments, signed with a signature in ZHANG’s  
17 name and dated March 3, 2020, was submitted with the application package purporting to  
18 be ZHANG’s personal income tax return for 2019. Included in the attachments was a  
19 Schedule C, which reports profits and losses of a sole proprietorship. The Schedule C  
20 purported to report approximately \$138,700 in profit in 2019 for the Zhang sole  
21 proprietorship. Based on a search of available IRS records related to ZHANG and the EIN  
22 associated with the Zhang sole proprietorship, no such Schedule C has been submitted to  
23 the IRS.

24           d. A document purporting to be a record from an online payroll system  
25 was submitted with the application package listing payroll detail records for 25 employees  
26 for calendar year 2019. According to the document submitted, the Zhang sole  
27 proprietorship incurred more than approximately \$2.8 million in payroll in 2019.  
28 According to the document, expenses for many employees included payments for “WA

1 SUI” and “WA PFML ER.” Based on publicly available information, “WA SUI” is  
 2 believed to refer to Washington State unemployment tax payments and “WA PFML ER”  
 3 is believed to refer to Washington State paid family medical leave benefits. As described  
 4 above, ESD, the Washington State agency that maintains records of such payments, has no  
 5 record of the Zhang sole proprietorship.

6 19. In addition to the records provided in support of the loan application,  
 7 Lender 1 has provided email correspondence with Email Address 1, the email address listed  
 8 on the application it received. The individual using the account identified himself in  
 9 correspondence as “Baoke” and used the account to make additional false statements to  
 10 Lender 1 in support of the application.

11 a. On or about May 4, 2020, a representative of Lender 1’s loan  
 12 underwriter emailed Email Address 1 and stated, in part:

13 Good morning, Baoke, . . . There’s a discrepancy in some information  
 14 we hope you could clear up for us: The SBA records show your EIN  
 15 ending 1741 was established 4/3/2020[.] However, the 2019 Tax  
 16 information provided (returns, 941’s) shows the same EIN ending  
 17 1741 already in use last year. Would you be able to explain the  
 18 discrepancy between these two dates? When was this EIN actually  
 19 established? Please provide your SS4 from the IRS showing the date  
 20 the EIN was established. Please reply by 5PM EST today, or we will  
 21 have to decline your file.

22 b. Later the same day, a response sent from Email Address 1 and signed  
 23 by “Baoke” stated in part:

24 Good morning. Thank you so much for reaching out. I am sorry to  
 25 forget keeping [Lender 1] update. There are some change in situation  
 26 with my business in last a few days, and don’t need this loan. I would  
 27 like to withdraw and cancel my ppp loan application. Could you help  
 28 cancel my loan application with SBA? So the loan can be available  
 to other small business who urgently need it. Regarding the SBA EIN  
 number, I don’t know why SBA record incorrectly show the date. My  
 business and EIN date back to 2017. Please see attached SS4. Again  
 thank you and [Lender 1] for assistance during the process. I have  
 declined the loan doc. Thank you and have a nice day.

1 An IRS Notice CP 575 was attached to the email which purported to show that the EIN for  
2 the Zhang sole proprietorship was issued on April 3, 2017. As described above, this  
3 document was falsified.

4 20. Based on the discrepancy in the records and the response it received in the  
5 email correspondence with Email Address 1, Lender 1 never approved the PPP loan to the  
6 Zhang sole proprietorship.

7 *Fraudulent PPP Loan Application Submitted to Lender 2 and Financial Institution 1*  
8 *for the Zhang Sole Proprietorship*

9 21. According to records provided by Lender 2, ZHANG digitally signed an  
10 application package in support of a \$600,000 PPP loan for his sole proprietorship and  
11 submitted it to Lender 2 from the Zhang IP address on or about April 19, 2020.

12 22. Lender 2 provided the government the SBA Form 2483 submitted with the  
13 package and bearing the signature of ZHANG. To support the loan amount, the application  
14 represented that the sole proprietorship had an average monthly payroll of \$240,000 and  
15 25 employees. ZHANG also certified that the sole proprietorship “was in operation on  
16 February 15, 2020 and has employees for whom it paid salaries and payroll taxes or paid  
17 independent contractors.” As described further herein, evidence obtained in the  
18 investigation demonstrates that this certification was false.

19 23. Lender 2 also provided the government a loan agreement signed in  
20 ZHANG’s name on or about April 19, 2020, between ZHANG and Financial Institution 1.  
21 The loan agreement identified Financial Institution 1 as the lender and an FDIC-insured  
22 institution and included a certification by ZHANG that the information related to the  
23 application was complete and correct. As described further herein, evidence obtained in  
24 the investigation demonstrates that this certification was false.

25 24. Lender 2 has provided several documents it received in support of the  
26 application for the Zhang sole proprietorship. Most of them are the same false documents  
27 provided to Lender 1 described above, including the falsified CP 575 purporting to show  
28 the entity’s EIN was issued in 2017, the falsified Form 941 for the fourth quarter of 2019,



1 the false Schedule C, and the payroll detail report purporting to show payments of  
2 Washington State unemployment taxes and paid leave benefits in 2019 of which ESD has  
3 no record.

4 25. In addition, Lender 2 has provided documents it received in support of the  
5 application that were not part of the application package provided by Lender 1 in relation  
6 to the first loan application for the Zhang sole proprietorship. A review of records and  
7 information from the IRS, ESD, and DOR show that these too were falsified and contained  
8 false statements.

9 a. Additional Forms 941, for the first three quarters of 2019, were  
10 submitted with the application package purporting to show the entity had 25 employees for  
11 which it paid wages, tips, and compensation in each quarter. Based on a search of available  
12 IRS records related to the EIN associated with the Zhang sole proprietorship, no such  
13 Forms 941 have been submitted to the IRS.

14 b. The loan application package included what purported to be a payroll  
15 detail report from an online payroll system for 2020 showing the payment of Washington  
16 State unemployment taxes and paid leave benefits for many employees. As described  
17 above, according to information obtained from ESD, it has no record of the entity ever  
18 having registered or made such payments.

19 c. The loan application package included a document purporting to be  
20 from the Washington State Business Licensing Service stating that the Zhang sole  
21 proprietorship's business license had been renewed on or about February 8, 2020. As  
22 described above, records from DOR show that the Zhang sole proprietorship first applied  
23 for a business license on or about April 8, 2020.

24 26. After Financial Institution 1 learned of the government's investigation, it  
25 did not fund the loan.

26 //

27 //



*Fraudulent PPP Loan Application Submitted to Lender 2 and Financial Institution 1  
for Cloud Optimization*

27. According to records provided by Lender 2, ZHANG digitally signed an application package in support of a \$325,000 PPP loan for Cloud Optimization and submitted it to Lender 2 from the Zhang IP address on or about April 23, 2020.

28. Lender 2 provided the government the SBA Form 2483 submitted with the package and bearing the signature of ZHANG. To support the loan amount, the application represented that the sole proprietorship had an average monthly payroll of \$130,000 and 20 employees. ZHANG also certified that Cloud Optimization “was in operation on February 15, 2020 and has employees for whom it paid salaries and payroll taxes or paid independent contractors.” As described further herein, evidence obtained in the investigation demonstrates that this certification was false.

29. Lender 2 also provided the government a loan agreement signed in ZHANG’s name on or about April 23, 2020, between ZHANG and Financial Institution 1. The loan agreement identified Financial Institution 1 as the lender and an FDIC-insured institution and included a certification by ZHANG that the information related to the application was complete and correct. As described further herein, evidence obtained in the investigation demonstrates that this certification was false.

30. Lender 2 has provided several documents it received in support of the application, including purported IRS records, Washington State records, and payroll detail reports from an online payroll platform. A review of those documents and records and information obtained from the IRS, DOR, ESD, SOS, and Bank of America demonstrate that the documents provided to Lender 2 were falsified and included materially false statements about Cloud Optimization’s operations.

a. The submitted application package included an IRS Notice CP 575 purporting to show that the EIN for Cloud Optimization was assigned on April 21, 2018. As described above, IRS records demonstrate that the EIN was actually assigned on April

21, 2020, not 2018. Technical data encoded in the submitted Notice CP 575 file indicate the file was created on April 21, 2020, and modified on April 22, 2020.

b. The submitted application package included IRS Forms 941 purporting to report wages and federal payroll tax information for Cloud Optimization for each quarter of calendar year 2019. According to the form, Cloud Optimization had 20 employees in each quarter and paid approximately \$394,000 to \$396,000 in quarterly wages, tips, and compensation. Based on a search of available IRS records related to the EIN associated with Cloud Optimization, no such IRS Forms 941 have been submitted to the IRS.

c. The submitted application package included a document purporting to be a copy of a publicly available record from DOR's online business information database. According to the document provided, a business license was first issued to Cloud Optimization on or about February 8, 2018, and the entity was assigned Unique Business Identifier (UBI) number 604-601-873. Information obtained from DOR and SOS reflects that no entity named Cloud Optimization has ever been registered with the state of Washington and the UBI listed on the document does not exist.

d. The submitted application package included documents purporting to be records from an online payroll platform listing payroll detail records for 20 employees for calendar year 2019 and the first quarter of 2020. According to the documents submitted, Cloud Optimization incurred more than approximately \$1.5 million in payroll in 2019 and more than approximately \$397,128 in payroll in 2020. According to the document, expenses for many employees included payments for "WA SUI" and "WA PFML EE." Based on publicly available information, "WA SUI" is believed to refer to Washington State unemployment tax payments and "WA PFML EE" is believed to refer to Washington State paid family medical leave benefits. As described above, ESD has informed the government that it has no record of Cloud Optimization registering with the agency or making any such payments.

1 e. The submitted application package included a document purporting to  
2 be a Bank of America statement for the period December 7, 2019, to January 8, 2020, for  
3 an account ending in 5806 in the names of ZHANG and Cloud Optimization. The record  
4 purported to show 20 separate payments to the 20 individuals listed on the payroll records  
5 provided. Records from Bank of America show that the account ending in 5806 was  
6 established in or about April 2020 in the name of “Baoke Zhang dba Baoke Zhang,” with  
7 ZHANG as the sole signatory. Records from the account show no payments to anyone  
8 matching those on the fake account statement submitted to Lender 2.

9 31. Financial Institution 1 approved the Cloud Optimization loan application  
10 on or about May 3, 2020. On or about May 5, 2020, Financial Institution 1 attempted to  
11 transmit the \$325,000 in approved funds to the account ending in 5806. On or about May  
12 6, 2020, the money was returned before it was deposited because the account name did not  
13 match that provided to Financial Institution 1. After Financial Institution 1 learned of the  
14 government’s investigation, it did not fund the loan.

15 *Phone Records*

16 32. Phone Number 1 is listed as the business phone number for the Zhang sole  
17 proprietorship and Cloud Optimization on the three loan applications and on the application  
18 for a business license for the Zhang sole proprietorship. It is also listed as ZHANG’s  
19 contact number on the publicly available LinkedIn profile believed to belong to ZHANG.

20 33. The government has obtained phone records for Phone Number 1.  
21 Subscriber records show that the number was activated on or about March 22, 2019, and is  
22 associated with a brand that, according to publicly available information, provides pre-paid  
23 phone services using the phone service provider’s network. There is no other subscriber  
24 data associated with the number.

25 34. On or about May 7, 2020, after the wire to Cloud Optimization was  
26 returned, the phone records for Phone Number 1 show an approximately 2.5 minute call  
27 with a toll free number associated with Lender 2. Lender 2 has provided an approximately  
28 2.5 minute recorded call on or about May 7, 2020, between a Lender 2 representative and



1 a male individual identifying himself on the call as “Baoke.” On the call, after the Lender  
2 representative asked Zhang to provide a voided check or bank statement to confirm the  
3 account to which the wire should be sent, the individual first stated he no longer wanted  
4 the loan and then stated he would discuss it with “the team.”

5 35. On or about May 12, 2020, a recorded call was made with an individual  
6 identifying himself as “Baoke” who was using Phone Number 1. The individual refused  
7 to answer additional identification verification questions about himself. The individual  
8 confirmed that he had two loan applications outstanding with Lender 2 for the Zhang sole  
9 proprietorship and Cloud Optimization for \$600,000 and \$325,000, respectively, and stated  
10 he no longer needed the loans. The individual stated that he had conferred with his “legal  
11 team” and they did not feel comfortable disclosing the reason the entities no longer needed  
12 the loans. No evidence gathered in the investigation to date suggests that any attorneys or  
13 any other individuals are involved in any operations of the Zhang sole proprietorship or  
14 Cloud Optimization.

15 36. Based on a lay comparison of the voices of the individual identifying  
16 himself as “Baoke” on the May 7 and May 12 calls, it appears that the same male voice  
17 was speaking on both calls.

18 *Surveillance of ZHANG’s Residence*

19 37. On or about May 14, 2020, Federal Bureau of Investigation special agents  
20 conducted surveillance of ZHANG’s residence in Issaquah, Washington. The residence is  
21 a single-family home and is the same address at which the Zhang IP address is registered.  
22 The agents observed a male matching ZHANG’s height and race and wearing glasses in  
23 the driveway of the residence and eventually entering it. According to driver’s license  
24 records, ZHANG wears corrective lenses. Agents attempted to call Phone Number 1 while  
25 the male individual was in view, but the call went to voicemail. The male was not observed  
26 reaching for a cell phone or attempting to answer a call. He did, however, disappear from  
27 view on the west side of the residence during part of the attempted call.

28 //



**CONCLUSION**

38. Based on the above facts, I respectfully submit that there is probable cause to believe that BAOKE ZHANG did knowingly, having devised and intending to devise a scheme and artifice to defraud, and for obtaining money and property by means of false and fraudulent pretenses, representations and promises, and attempting to do so, transmitted and caused to be transmitted by means of wire, radio, and television communication in interstate and foreign commerce, writings, signs, signals, pictures, and sounds for the purpose of executing such scheme and artifice, in violation of Title 18, United States Code, Sections 1343 and 2.

39. Based on the above facts, I further respectfully submit that there is probable cause to believe that BAOKE ZHANG knowingly executed, and attempted to execute, a scheme to defraud Financial Institution 1, a federally insured financial institution, and obtain monies owned and under the care, custody, and control of that financial institution by means of false and fraudulent pretenses, representations, and promises, in violation of Title 18, United States Code, Sections 1344 and 2.



COLE ASHCRAFT, Complainant  
Special Agent, TIGTA

The above-named agent provided a sworn statement attesting to the truth of the contents of the foregoing affidavit, and based on the Complaint and Affidavit, the Court hereby finds that there is probable cause to believe the Defendant committed the offenses set forth in the Complaint.

Dated this 21st day of May, 2020.



MARY ALICE THEILER  
United States Magistrate Judge